

Message Text

CONFIDENTIAL

PAGE 01 HONG K 01695 150138Z

12

ACTION EB-11

INFO OCT-01 EA-11 NEA-11 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 AID-20 COME-00 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08

CEA-02 AEC-11 FEA-02 FPC-01 INT-08 SCI-06 AGR-20

DRC-01 /222 W

----- 033795

R 150050Z FEB 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 9586

I FO RUESWO/AMEMBASSY TOKYO 6563

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

C O N F I D E N T I A L HONG KONG 1695

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE BOARD

E.O. 11652: GDS

TAGS: EFIN, JA

SUBJ: JAPANESE FINANCIAL INTERESTS IN MIDDLE EAST

1. WATANABE, BANK OF JAPAN REPRESENTATIVE, RETURNED RECENTLY FROM ONE MONTH TRIP TO SAUDI ARABIA, KUWAIT AND IRAN AND LEBANON TO GATHER INFORMATION ON THEIR ECONOMIES. IT IS PART OF THE TERRITORY HE COVERS FROM HONG KONG. HIS OBSERVATIONS, FROM JAPANESE POINT OF VIEW, MAY BE OF INTEREST AND MAY CONFIRM INFORMATION AVAILABLE FROM OTHER SOURCES.

2. LEBANON - LOCAL BANKS IN BEIRUT ACTING AS INTERMEDIARIES FOR WEALTHY SAUDI ARABIANS, KUWAITS, ETC., AND "SEMI-GOVERNMENTAL" ORGANIZATIONS WERE SEEKING INVESTMENTS IN ASIA. THEY WERE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 HONG K 01695 150138Z

INTERESTED IN TIE-UPS WITH JAPANESE BANKS BECAUSE OF THEIR OWN

LACK OF KNOWLEDGE IN AREA. IMPORTANT LENDING TARGET WAS LARGE JAPANESE COMPANIES.

3. HE WAS STRUCK BY STRONG HOLD CENTRAL BANK HAD OVER FOREIGN EXCHANGE MARKET. HE WAS TOLD BY CENTRAL BANK THAT BANKING SECRECY MADE IT DIFFICULT TO KNOW HOW MUCH FOREIGN EXCHANGE COMMERCIAL BANKS HAD, BUT THAT IT ESTIMATED HOLDINGS TO BE \$3-4 BILLION.

4. SAUDI ARABIA - SAUDI MONETARY AUTHORITIES TOLD HIM THAT FOR SAUDI FISCAL YEAR BEGINNING JUNE 1974 AND ENDING JUNE 1975, THEY ESTIMATED B/P SURPLUS OF \$11 BILLION. THIS PROJECTION BASED ON NET EARNINGS OF \$7 PER BARREL AND PRODUCTION LEVEL EQUAL TO SEPTEMBER 73 OUTPUT. THEY EXPECTED TO INVEST BULK IN US GOVERNMENT SECURITIES WITH REST IN EUROPEAN AND TO SOME EXTENT IN JAPANESE GOVERNMENT SECURITIES. HE WAS ALSO TOLD THAT PURPOSE DAVID ROCKEFELLER VISIT WAS TO PERSUADE SAUDIS TO PUT ARAMCO PAYMENT IN CHASE MANHATTAN ACCOUNT.

5. OIL PRODUCTION - HE WAS OPTIMISTIC ABOUT PROSPECTS OIL PRODUCTION INCREASE. HE THOUGHT IRAN WAS INCREASING ITS PRODUCTION AND IRAQ "WAS TRYING TO." SAUDI ARABIA WOULD HAVE TO FOLLOW ALONG TO MAINTAIN ITS MARKET SHARE. EXECUTIVE OF JAPANESE CONTROLLED ARABIAN OIL COMPANY SAID THAT THEIR PRODUCTION CAPACITY WOULD INCREASE 30 PERCENT THIS YEAR AND BELIEVE ARAMCO WAS DOING SAME.
ALLEN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, ECONOMIC CONDITIONS, PETROLEUM PRODUCTION, PERSONNEL TRAVEL, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974HONGK01695
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740230/aaaabbqp.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2002 by kelleyw0>; APPROVED <14 JAN 2003 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPANESE FINANCIAL INTERESTS IN MIDDLE EAST
TAGS: EFIN, JA, XF, (WATANABE)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005